IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Title	:	METHOD AND APPARATUS FOR ALLOWING UNINTERRUPTED GAMING	Confirmation No. 1903
Appl. No.	:	09/904,061	
Applicant	:	Lawrence C. Cole, et al	
Filed	:	7/12/2001	
TC/A.U.	:	3714	
Examiner	:	Coburn, Corbett B.	
Docket No.	:	83336.0640	
Customer No.	:	55136	

Mail Stop Appeal Brief - Patents
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

APPEAL BRIEF

Dear Sir/Madame:

The following Appeal Brief is submitted pursuant to the Notice of Appeal dated October 1, 2009 for consideration by the Board of Appeals and Interferences. 37 C.F.R. § 41.37.

(i) REAL PARTY IN INTEREST

The real party in interest is Bally Gaming International, Inc. a member of a group of companies held by Bally Technologies, Inc., a publically traded company under the NYSE ticker symbol BYI.

(ii) RELATED APPEALS AND INTERFERENCES

There are no pending appeals, interferences, or judicial proceedings known to the appellant, the appellant's legal representative, or the assignee which may be related to, directly affect, or be directly affected by, or have a bearing on the Board's decision in this pending appeal.

There was a prior appeal in this application regarding prior incarnations of the claim, Appeal 2008-0893, which resulted in a written opinion dated May 7, 2008.

(iii) STATUS OF CLAIMS

Claims 1-47 have been rejected by a Final Office Action dated April 1, 2009. By an amendment dated October 1, 2009 after the final rejection and entered by the Examiner[1], claims 11 – 47 were cancelled leaving only finally rejected claims 1 – 10 in this application and now on appeal.

(iv) STATUS OF AMENDMENTS

All amendments during prosecution have been entered. An amendment after final to narrow the issues on appeal was entered by the Examiner by Advisory Action dated 10/08/2009. No other amendments remain unaddressed.

(v) SUMMARY OF CLAIMED SUBJECT MATTER

Independent Claim 1:

Broadly, the subject matter of the claims of this invention is directed to the gaming environment where slot machine play is "interrupted" when the player wins a jackpot over a threshold amount. According to the prior art, in such an instance, further play of the slot machine is interrupted, i.e. the slot machine "locks up", until the IRS requirement for preparation of a record for the taxable jackpots has been met. The present invention, as recited in the claims, enables immediate pay out of the entire value of the jackpot without interruption and preparation of the jackpot-reporting record occurs when the player decides to terminate the gaming session.

[1] Advisory Action dated 10/08/2009

Claim 1 is directed to a method for allowing a United States-taxably player of a gaming machine to participate in a reduced interruption gaming session when a jackpot over a threshold amount is won. [Pg. 1, lns. 17-20, Pg. 2, lns. 6-8, Pg. 3, lns. 9-1, Pg. 4, lns. 21-28, Pg. 5, lns. 18-21, Abstract lns. 1-4; FIG. 1, 50, 52 and 56; FIG. 2, 112, 150, 152 and 156.] The method utilizes a tracking device having a central server and connected to one or more gaming machines. [Pg. 6, lns. 9-14, Pg. 7, lns. 29-31, Pg. 8, lns. 1-7, Pg. 12, lns. and 13-19, Pg. 12, lns. 24-29, Pg. 13, lns. 9-16, Pg. 13, lns. 21-25, Pg. 13, lns. 28-31, Pg. 14, lns. 1-4, Pg. 14, lns. 11-14: FIG. 2, 156, 158 and 160; FIG. 3, 202 and 214.] The method recites the steps of collecting player-related information [Pg. 5, lns. 10-21; FIG. 1, 14] and storing the player-related information [Pg. 5, ln. 29 – Pg. 6, ln. 3; FIG. 1, 16] and allowing the player to participate in a reduced interruption gaming session [Pg. 6, lns. 4-5 and 15-19; FIG. 1, 50]. Whenever a jackpot greater than a threshold amount is won, (A) the jackpot-related information is recorded in the tracking device [Pg. 8, lns. 2-10 and 23-27; FIG. 1, 16 and 58] and (B) paying out of the value of the jackpot is immediately enabled [Pg. 9, lns. 6-8, FIG. 1, 60, FIG. 2, 160] as is (C) enabling the player to continue the reduced interruption gaming session [Pg. 8, ln. 28 – Pg. 9, ln. 1.] Finally the method includes terminating the reduced interruption gaming session [Pg. 10, lns. 24-30; FIG. 1, 62] and generating a statement referencing the recorded jackpot-related information and stored player-related information after such termination. [Pg. 11, lns. 1-12; FIG. 1, 64.]

Claim 1 is the only Independent claim in issue and on appeal herein. The remaining claims 2-10 depend directly or indirectly from claim 1

(vi) GROUNDS OF REJECTION TO BE REVIEWED ON APPEAL

Claims 1, 2 and 4-10 stand rejected under 35 USC 103(a) as being unpatentable over Bell et al 5,505,461 ("Bell") in view of Acres 6,312,333 ("Acres").

Claim 3 stands rejected under 35 USC 103(a) as being unpatentable over Bell et al 5,505,461 ("Bell") in view of Acres 6,312,333 ("Acres"), Bergeron et al 4,882,473 ("Bergeron") and Pease et al 5,326,104 ("Pease").

(vii) ARGUMENT

1. **Claims 1, 2 and 4-10 stand rejected under 35 USC 103(a) as being unpatentable over Bell et al 5,505,461 ("Bell") in view of Acres 6,312,333 ("Acres").**

Claim 1 recites a method for allowing a United States-taxable player to participate in a reduced interruption gaming session which includes the steps of recording jackpot-related information in the tracking device whenever a jackpot having a value greater than a threshold amount is won and enabling paying out of the value of the jackpot "immediately after the player wins credits over the threshold amount". The method further recites enabling the player to continue play the gaming session after the pay and generating a statement referencing the recorded jackpot when the gaming session is terminated.

Appellants do not dispute, as pointed out by the Examiner, that Bell teaches that a player can continue to play after a jackpot over a threshold amount has been won. However, the examiner's contention that Bell teaches "the ability to make instantaneous payouts over the threshold amount"(Final Office Action, Pg. 6) is incorrect and, it is respectfully submitted, is based upon impermissible hindsight[2]. Bell teaches parking the jackpot value in an IRS credit meter on the gaming machine, which is separate from an "other funds" credit meter and a total credit meter. Bell, Col. 4 lns. 7-10 and 17-29. The player in Bell may then wager from the IRS credit meter[3].

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[2] A fact finder should be aware, of course, of the distortion caused by hindsight bias and must be cautious of arguments reliant upon ex post reasoning. See Graham, 383 U.S., at 36, 86 S. Ct. 684 (warning against a "temptation to read into the prior art the teachings of the invention in issue" and instructing courts to " 'guard against slipping into the use of hindsight' " (quoting Monroe Auto Equipment Co. v. Heckethorn Mfg. & Supply Co., 332 F.2d 406, 412 (C.A.6 1964))". *KSR Interm. Co. v. Teleflex* 550 US 398, 127 S. Ct 1727, 1742 (2007).

[3] Applicants suggest that the teaching of Bell may run afoul of the IRS regulations inasmuch as Bell would permit a player to play down the IRS credit meter to a level below the reportable threshold amount avoiding reporting of the jackpot. See Bell at Col. 2 Lns. 1-4.

> "When the player chooses to play a game using credits, he will press the bet button 310. The gaming device's microprocessor will first check to see if there are funds available from the IRS win meter 304. If there are, those funds will be used to play the game. If not, funds will be used from the other funds meter 308." Bell '461, Col 4, lns. 30-35.

While Bell teaches that the jackpot credits deposited in the IRS win meter are available for wagering; the jackpot value cannot be immediately paid to the player while permitting the player to continue the session and prior to generation of a statement referencing the recorded-jackpot information, i.e. prior to termination of play and generation of the recorded statement. Bell requires the player to terminate play and receive the jackpot-related statement prior to receiving the value of the jackpot:

> "When the player chooses to stop playing, the following events will happen:
>
> 1. Either an attendant will access the IRS win meter 304 and prepare a W2-G Form 312 for the balance of the meter. At 313 on the diagram, a manual key would be used to reset the IRS win meter 304 and make the total credit display 309 balance available for payment to the player; or
> 2. A print out 318 corresponding to the amount of winnings stored in the IRS win meter 304 is automatically printed directly onto a W2-G Form including all of the required information of the player, thereby eliminating any manual preparation of the W2-G Form. The printout 318 is either printed at the slot machine or some other convenient location and the IRS win meter 308 is either reset automatically or manually as described above; and
> 3. The player can then cash out 314 through a hopper pay 315 through a handpay 317 or by whatever other means may be provided 316." (Emphasis Added) Bell, Col. 4, lns. 44-63

The difference between what Bell is teaching and the limitations of the method of claim 1 of the present invention is best illustrated by an example. According to Bell, if a player wins a taxable jackpot of $1500, that amount, as credits, would be deposited to the IRS win meter at the gaming machine. The total value of the jackpot is not paid immediately to the player. According to Bell, if the player wishes to receive the value of the jackpot they must stop playing at which time (A) an attendant must prepare the W2G form and resets the IRS win meter or (B) the form is printed automatically and the IRS win meter is reset. After these steps the player can then receive payment for the jackpot from the hopper or by a hand pay.

In the example above, according to the invention of claim 1 of the present application, the entire value of the $1500 jackpot would be paid immediately to the player (for example to the machine credit meter) without the player having to terminate the gaming session and prior to generation of the jackpot-related statement.

It is clear that Bell does not teach paying out the value of the jackpot immediately after the player wins credits over the threshold while permitting continued play. Bell teaches paying the jackpot to a separate meter which can be used for wagering; however Bell does NOT teach paying out the value of the jackpot immediately to the player. Bell requires termination of the gaming session and generation of the jackpot-related report prior to payment of the value of the jackpot.

The Examiner acknowledges that Bell fails to teach enabling the payout of the jackpot value before the termination of the session and generation of the jackpot related statement. (Final Office Action, Pg. 7, lns 4-5). For this claim limitation the Examiner relies on Acres. However, Acres also fails to disclose paying of the value of the jackpot immediately to the player. Acres teaches, when a jackpot over a threshold is won, deducting a tax withholding amount (25% of the jackpot) and then paying the balance. The winnings paid to the player are a function of the amount of the jackpot less any withholding amount[4]. In the example above, Acres would make an amount of $1500 less 25% or $1125 immediately available to the player. This is NOT the value of the jackpot.

The Examiner, in the Final Office Action, Pg. 8, lns 1-3 states that "Acres teaches immediate payout of any winnings" however claim 1 has been amended to read paying out the "value of the jackpot". Claim 1 as amended and presented herein clearly distinguishes from Acres which does not enable immediate pay out of the value of the jackpot.

Acres also does not disclose generating the jackpot-related statement after termination of the session. Acres teaches saving the jackpot records and periodically printing IRS forms. Acres Col. 7, lns. 3-5. The player in Acres has no control as to when the record is generated. According to the invention of claim 1, the player can terminate the session triggering the generation of the statement.

[4] Prior Appeal Opinion, Finding of Fact 4 (see also page 11, Lns. 1-14).

Applicants point out that in the Prior Appeal affirming the rejection of previously constituted claims, the Board pointed out that the prior claims failed to recite payment of all winnings[5], e.g. the value of the jackpot, and access to the winnings for immediate cash out[6]. Claim 1 was amended to its current version to include those limitations which the Board thought to be important.

Appellants respectfully submit that it is clear that neither Bell nor Acres teach the present invention of claim 1 on appeal. Viewing the invention as a whole, neither Bell nor Acres teach enabling immediate payout of the value of the jackpot over the threshold, allowing the player to continue play and generating the jackpot-related record after termination of the gaming session.

There also has not been any showing of any teaching, suggestion or motivation to combine Bell and Acres[7]. Since the cited references fail to disclose the limitations of claim 1 of enabling immediate payout of the value of the jackpot over the threshold, allowing the player to continue play and generating the jackpot-related record after termination of the gaming session, there cannot be any teaching, suggestion or motivation to combine the limitations of Bell and Acres. ("Prior to the issuance of the KSR opinion, Federal Circuit precedent taught that **all the claim limitations of the invention at issue must be found to exist in the prior art references before it could be determined whether there was a teaching, motivation, or suggestion to combine those limitations.** The KSR opinion only focused on the Federal Circuit's strict use of the TSM test in performing the obviousness analysis; it did not mention or affect the requirement that each and every claim limitation be found present in the combination of the prior art references before the analysis proceeds. *Abbott Labs. v. Sandoz, Inc.*, 500 F.Supp.2d 846, 851-852 (N.D.Ill.2007), aff'd Abbott Labs. v. Sandoz, 544 F.3d 1341 (2008). But note contrary analysis. Seiko Epson Corp. v. Coretronic Corp. 633 F.Supp.2d 931, 943 (N.D.Cal., 2009) "It cannot be said that Federal Circuit precedent establishes that

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[5] Prior Appeal Opinion, Pg. 13, Lns 18-20.
[6] Prior Appeal Opinion, Pg. 14, Lns. 1-2
[7] The TSM test still provides useful insight into the question of obviousness. ("When it first established the requirement of demonstrating a teaching, suggestion, or motivation to combine known elements in order to show that the combination is obvious, the Court of Customs and Patent Appeals captured a helpful insight. [citation omitted] *KSR Int'l Co.* v. *Teleflex Inc.,* 127 S.Ct. 1727, 1741, 550 U.S. 398, 418 (2007). MPEP 2141).

every single claim limitation must be identified in the prior art for a court to invalidate a patent claim on the basis of obviousness.").

Bell and Acres represent alternate approaches to the problem: either (1) to prevent immediate cash out of the jackpot until the reporting paperwork is competed (Bell) or (2) pay a reduced amount representing the jackpot less the tax withholding and generate a report sometime later. Any combination of these references, it is submitted, is based upon impermissible hindsight. MPEP 2145. Even assuming someone skilled in the art would be lead to modify Acres to pay out the value of the jackpot, the combination still does not address the timing and reporting of the jackpot-related event. Claim 1 ties the timing of the report with the termination of the gaming session (which is within the player's control). Bell teaches timing the report with terminating the session however Bell also delays payment until the report is generated. Acres prepares the report "periodically". Acres does not disclose that the player can determine the timing of the report by terminating the session. Assuming the combination of Bell and Acres is suggested, Applicants submit that the combination would either tie payment of the jackpot to termination of the session and generation of the report (Bell) (within the player's control) or would make the payment of the value and periodically prepare the report (Acres)(not at termination of the session, an event within the player's control). It is submitted that generation of the report at player commanded session termination provides the player with notice that the report is available. Under Acres, the player may have to wait until the report is generated.

It is respectfully submitted that viewing the invention as a whole, that the method of claim 1 is non-obvious over the art. The cited references do not teach all of the limitations and therefore there can be no TSM for the suggested combination. Assuming there is some teaching, suggestion or motivation; Applicants argue that the invention is still not taught. Reversal of the rejection of claim 1 is solicited.

Claims 2 and 4 – 10 depend directly or indirectly from claim 1. Applicant asserts that the allowability of these claims stand of fall with claim 1. If an independent claim is non-obvious then any claim depending there form is likewise non-obvious. *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir.1988). MPEP 2143.03. Reversal of the rejection of claims 2 and 4- 10 is requested.

2. **Claim 3 stands rejected under 35 USC 103(A) as being unpatentable over Bell et al 5,505,461 ("Bell") in view of Acres 6,312,333 ("Acres"), Bergeron et al 4,882,473 ("Bergeron") and Pease et al 5,326,104 ("Pease").**

Claim 3 depends from claim 2 which, in turn, depends from claim 1. Claim 2 recites enabling a pre-programmed gaming machine to play an uninterrupted session and claim 3 further recites the limitations of:

- inserting an agent card
- selecting uninterrupted play from a menu on a display; and
- inserting a player card.

Inasmuch as claim 3 depends indirectly from claim 1, if the rejection of claim 1 is reversed so should the rejection of claim 3. *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir.1988). MPEP 2143.03.

CONCLUSION AND RELIEF

In view of arguments presented above, reversal of the rejections and allowance of the pending claims 1 – 10, is requested.

Respectfully submitted,

Date: February 16, 2010

/pja/

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(viii) CLAIMS APPENDIX

The claims involved in this Appeal are as follows:

1. (Finally Rejected) A method of allowing a United States-taxable player to participate in a reduced interruption gaming session when a jackpot over a threshold amount is won, the method utilizing a tracking device having a central server, and wherein the tracking device is connectable to one or more gaming machines, the method comprising:

collecting player-related information;

storing the player-related information;

allowing the player to participate in a reduced interruption gaming session;

recording jackpot-related information in the tracking device whenever a jackpot having a value greater than a threshold amount is won;

enabling paying out of the value of the jackpot to the United States-taxable player immediately after the player wins credits over the threshold amount subject to immediate cash out;

enabling the player to continue the reduced interruption gaming session, as desired;

terminating the reduced interruption gaming session; and

generating a statement referencing the recorded jackpot-related information and stored player-related information after the reduced interruption gaming session is terminated.

2. (Finally Rejected) The method of claim 1, further comprising: enabling a pre-programmed gaming machine to play an uninterrupted session, even if a reportable jackpot is won.

3. (Finally Rejected) The method of claim 2, wherein enabling a pre-programmed gaming machine to play an uninterrupted session, even if a reportable jackpot is won, comprises:

inserting an agent card;

selecting uninterrupted play from a menu screen on a display; and

inserting a player card.

4. (Finally Rejected) The method of claim 1, wherein allowing the player to participate in a reduced interruption gaming session, comprises: providing the player with physical access to a game of chance dedicated to uninterrupted play.

5. (Finally Rejected) The method of claim 1, wherein collecting player-related information further comprises: examining documents which qualify as proof of the player's identity.

6. (Finally Rejected) The method of claim 1, wherein collecting player-related information further comprises: obtaining tax related information about the player.

7. (Finally Rejected) The method of claim 6, wherein obtaining tax related information about the player further comprises: accessing a document selected from the group consisting of the player's driver's license, the player's social security card, and the player's voter registration card.

8. (Finally Rejected) The method of claim 6, wherein the tax related information comprises the name, address, and tax identification number of the player.

9. (Finally Rejected) The method of claim 1, further comprising reporting jackpot-related information and player-related information to a taxing authority.

10. (Finally Rejected) The method of claim 1, further comprising providing the player with a statement referencing jackpot-related information after the player is done playing.

(ix) EVIDENCE APPENDIX

No evidence has been submitted pursuant to §§ 1.130, 1.131, or 1.132 of this title. No other evidence has been entered by the examiner and relied upon by appellant in the appeal.

(x) RELATED PROCEEDINGS APPENDIX

1. Prior Appeal 2008-0893 decided may 7, 2008. (copy of Opinion attached)

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte LAWRENCE C. COLE, WAYNE W. WALKWITZ, and
PAUL C. McLAUGHLIN

Appeal 2008-0893
Application 09/904,061
Technology 3700

Decided: May 7, 2008

Before HUBERT C. LORIN, LINDA E. HORNER, and
MICHAEL W. O'NEILL, *Administrative Patent Judges*.

O'NEILL, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Cole, et al. (Appellants) seek our review under 35 U.S.C. § 134 of the final rejection of claims 1-47. We have jurisdiction under 35 U.S.C. § 6(b) (2002).

SUMMARY OF DECISION

We AFFIRM.[1]

THE INVENTION

The claimed invention is directed to permitting uninterrupted game play even after the occurrence of a jackpot exceeding a threshold amount. (Spec. 3:9-10.)

Claim 11, reproduced below, is representative of the subject matter on appeal.

> 11. An interactive network linking at least one gaming machine and a central control unit for allowing reduced interruption game play, wherein the gaming machine is a bingo, keno, or slot machine, the network comprising:
>
> a central storage unit in electronic communication with the central control unit, wherein the central storage unit tracks and stores player-related information adequate for compliance with reporting requirements of a taxing authority;
>
> at least one gaming machine is in communication with the central control unit, the at least one gaming machine is arranged to register a jackpot

[1] Our decision will make reference to Appellants' Appeal Brief ("App. Br.," filed Mar. 19, 2007), Reply Brief ("Reply Br.," filed Jul. 09, 2007), and the Examiner's Answer ("Answer," mailed May 09, 2007).

greater than a threshold amount is won, wherein the at least one gaming machine sends signals representing jackpot-related information to the central control unit, and the jackpot-related information is adequate for compliance with reporting requirements of a taxing authority,

wherein the interactive network enables paying out winnings over the threshold amount via a hopper pay-out to a United States-taxable player immediately after the player wins credits over the threshold amount;

wherein the central control unit automatically returns signals to the at least one gaming machine when jackpot-related information is recorded;

wherein the interactive network enables the player to continue the reduced interruption gaming session, as desired; and

a reporting unit in communication with the central control unit, wherein the reporting unit produces statements referencing player-related information and jackpot-related information, after the reduced interruption gaming session is terminated.

THE PRIOR ART

The Examiner relies upon the following as evidence of unpatentability:

Bergeron	US 4,882,473	Nov. 21, 1989
Pease	US 5,326,104	Jul. 05, 1994
Bell	US 5,505,461	Apr. 09, 1996
Acres	US 6,312,333	Nov. 06, 2001

THE REJECTIONS

The following rejections are before us for review:

Claims 11-19, 22-25, 27-33, 35-44, and 47 are rejected under 35 U.S.C. § 102(e) as being anticipated by Acres.

Claims 1, 2, and 4-10 are rejected under 35 U.S.C. § 103(a) as being unpatentable over Bell in view of Acres.

Claim 3 is rejected under 35 U.S.C. § 103(a) as being unpatentable over Bell and Acres as applied to claim 1 in view of Bergeron and Pease.

Claims 20, 21, 26, 34, 45, and 46 are rejected under 35 U.S.C. § 103(a) as being unpatentable over Acres as applied to claim 19, 24, 33, or 44 (if applicable) in view of Bergeron and Pease.

ISSUES

The Appellants provide a number of contentions why Acres does not anticipate claims that are rejected by Acres. The Appellants state that the claims are limited to enabling paying out winnings over the threshold amount via a hopper payout to a United States taxable player immediately after the player wins credits over the threshold amount and enabling the player to continue the reduced interruption gaming session, as desired. (App. Br. 8.) The Appellants contend Acres withholds a percentage of the winnings over the threshold amount for tax payment. (App. Br. 8.) The Appellants contend Acres' actual actions are intentionally locking up the

machine if the payout is over a pre-established threshold jackpot, performing calculations based the amount over the pre-established threshold jackpot, and reducing the amount of the payout over the threshold jackpot. Only after this series of events occurs can Acres make a payment. (App. Br. 9.) The Appellants contend Acres discloses once the reduced amount to be paid has been determined then the reduced amount is immediately approved and awarded directly at the gaming machine. As such, the immediate payout disclosed in Acres is a reduced payout. Accordingly, Acres cannot disclose an immediate payout of all winnings over the threshold amount. (App. Br. 9.) After the Examiner's Answer, the Appellants contend Acres includes the undesirable lock up period for over the threshold winnings and performs withholding so that the player is paid out a reduced amount of the over threshold winnings. (Reply Br. 2.) The only time Acres discloses no money is withheld is when the player's winnings are under the threshold jackpot amount. If the Acres award exceeds a pre-established threshold, then the machine locks up, which is inapposite to continuing reduced interruption of game play. (Reply Br. 3.) Acres fails to disclose the continuation of the reduced interruption of the gaming session after the player wins moneys over the threshold amount. (Reply Br. 4.) Acres's under the threshold amount disclosure and the claimed over the threshold amount are mutually exclusive. If the award in Acres exceeds a pre-established threshold, the winnings are reduced for withholdings. The claimed invention requires when the winnings are over the threshold amount, the player is paid immediately, achieving a reduced interruption in game play. (Reply Br. 5.)

In the Examiner's view, Acres' disclosure is dispositive in this appeal. (See e.g., Answer 17.) The Examiner's position is the Appellants' entire case rests on the supposed deficiencies in Acres – the alleged inability of Acres to make an immediate payout of any award over the threshold amount. (Answer 17-18.)

The first issue whether the Appellants have shown that the Examiner erred in rejecting the claims 11-19, 22-25, 27-33, 35-44, and 47 as being anticipated by Acres.

The second issue whether the Appellants have shown that the Examiner erred in rejecting the claims 1, 2, and 4-10 as being unpatentable over Bell in view of Acres.

The third issue whether the Appellants have shown that the Examiner erred in rejecting the claim 3 as being unpatentable over Bell and Acres as applied to claim 1 in view of Bergeron and Pease.

The fourth issue whether the Appellants have shown that the Examiner erred in rejecting the claims 20, 21, 26, 34, 45, and 46 as being unpatentable over Acres as applied to claim 19, 24, 33, or 44 (if applicable) in view of Bergeron and Pease.

These issues turn on whether Acres enables paying out winnings to a player when a jackpot greater than a threshold amount is awarded by the gaming machine and enables the player to continue game play with reduced interruption.

FINDINGS OF FACT

We find that the following enumerated findings of fact are supported by at least a preponderance of the evidence. *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Office).

1. Acres discloses a W2-G threshold amount for withholding taxes is set at $1200 for a slot machine paying out a jackpot. (Acres, col. 1, ll. 9-15.)
2. The Internal Revenue Service's (IRS) W2-G states the withholding is currently 25%. See http://www.irs.gov/pub/irs-pdf/fw2g.pdf.
3. Acres discloses when the jackpot exceeds a pre-established threshold, i.e., a threshold amount of $1200, the gaming machine sends a message through the machine interface controller (MCI) associated with the gaming machine to a server on the gaming machine network indicating the amount won and, if able, the identity of the player at the gaming machine. If the player is identifiable by the server, then the server checks to see if a player record for the player is complete. If the player record is not complete the credits for the jackpot are held in abeyance until completion of the record. (Acres, col. 6, ll. 14-24.)
4. Acres discloses the gaming machine network can be programmed to follow several actions to make a payment in compliance with the

> regulations. One series of actions is, if the player record is complete enough to satisfy regulations, the gaming machine network can immediately approve the jackpot and make a payment of winnings. A payment authorization message is sent back through the gaming machine network to the MCI of the associated game machine. Then the MCI sends a message to the gaming machine to add the appropriate number of credits to its credit meter and the MCI clears the gaming machine for normal operation. The winnings of credits to be paid are determined by the jackpot and the withholding amount. If any withholding amount is specified, it is deducted from the amount of awarded credits. (Acres, col. 6, l. 50-62.)

PRINCIPLES OF LAW

Anticipation is a question of fact. *In re Schreiber*, 128 F.3d 1473, 1477 (Fed. Cir. 1997). "A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference." *Verdegaal Bros., Inc. v. Union Oil Co. of Cal.*, 814 F.2d 628, 631 (Fed. Cir. 1987). However, the law of anticipation does not require that the prior art reference teach the Appellants' purpose disclosed in the specification, but only that the claims on appeal "read on" something disclosed in the prior art reference. *See Kalman v. Kimberly-Clark Corp.*, 713 F.2d 760, 772 (Fed. Cir. 1983).

"Section 103 forbids issuance of a patent when 'the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.'" *KSR Int'l Co. v. Teleflex Inc.*, 127 S.Ct. 1727, 1734 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including (1) the scope and content of the prior art, (2) any differences between the claimed subject matter and the prior art, and (3) the level of skill in the art. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966). *See also KSR*, 127 S.Ct. at 1734 ("While the sequence of these questions might be reordered in any particular case, the [*Graham*] factors continue to define the inquiry that controls.") The Court in *Graham* further noted that evidence of secondary considerations "might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented." 383 U.S. at 17-18.

ANALYSIS

The Appellants argue the rejection of claims 11-19, 22-25, 27-33, 35-44, and 47 as a group. (App. Br. 8-10 and Reply Br. 4-5.) The Appellants argue the rejection of claims 1, 2, and 4-10 as a group (App. Br. 10-11 and Reply Br. 5-6). The Appellants separately argue the rejection of claim 3. The Appellants argue the rejection of claims 20, 21, 26, 34, 45, and 46 as a group. (App. Br. 11-12 and Reply Br. 7-8.) As such, we select claims 1, 3,

11, and 20 as the representative claims. Accordingly, claims 2 and 4-10 will stand or fall with claim 1. Claims 12-19, 22-25, 27-33, 35-44, and 47 will stand or fall with claim 11. Claims 21, 26, 34, 45, and 46 will stand or fall with claim 20. 37 C.F.R. § 41.37(c)(1)(vii) (2007).

In reaching our decision in this appeal, we have given careful consideration to the Appellants' Specification and claims, to the applied prior art references, and to the respective positions articulated by the Appellants and the Examiner. Upon evaluation of all the evidence before us, it is our conclusion that the evidence adduced by the Examiner is sufficient to establish a case of anticipation and a prima facie case of obviousness with respect to the claims. Accordingly, we will affirm the Examiner's decision to reject the claims under 35 U.S.C. §§ 102 and 103. Our reasoning for this determination follows.

Anticipation by Acres

The Appellants contentions focus on Acres being incapable of functioning, when a jackpot greater than a threshold amount is won, to pay out winnings over the threshold amount immediately after the player wins credits over the threshold amount and allow the player to continue the gaming session with reduced interruption.[2]

[2] The Appellants do not contest Acres discloses the claimed features of an interactive network linking gaming machines, a central control unit, and a central storage unit which track and store player related information for reporting requirements of taxing authorities. Nor do Appellants contest the gaming machines in Acres are able to register jackpots, payout a player's winnings through a hopper, and send signals representing jackpot

Acres discloses when the jackpot exceeds a threshold dollar amount the gaming machine sends a message to a server indicating the amount of the jackpot and the identity of the player, if feasible. (Finding of Fact 3.) When the identity of the player is known and the records for the player are complete, the gaming machine network in Acres can immediately make a payment to the player of his or her winnings. (Finding of Facts 3 and 4.) If the player's information in the server is incomplete, then the player would need to complete the required information before receiving his or her winnings. (Finding of Fact 3.) Accordingly, the player would have reduced interruption in game play by having the information completed beforehand. Authorization for payment of the winnings is sent from the server to the gaming machine through the MCI. (Finding of Fact 4.) The winnings paid to the player are a function of the amount of the jackpot less any withholding amount. (*Id.*) While the MCI is sending the message to the gaming machine to add the appropriate number of credits won to the credit meter within the gaming machine, the MCI is clearing the gaming machine to continue the player's gaming session. (*Id.*)

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information to a central server and the information is adequate for compliance with the reporting requirements. Nor do Appellants contest the network in Acres is able to automatically return signals to the gaming machine when jackpot-related information is recorded and permit the player to continue game play. Nor do Appellants contest Acres discloses a reporting unit in communication with the central control unit, where the reporting unit produces statements referencing player and jackpot related information after the player's gaming session is terminated.

If a player won a jackpot of $10,000 on a slot machine on a wager of $10.00, this amount would exceed the W-2G threshold amount of $1200 for the withholding of taxes. (Finding of Fact 1.) The percentage of withholding would be 25%. (Finding of Fact 2.) Accordingly, the amount withheld from the jackpot would be $2500 and the amount of winnings paid out to the player would be $7500.

Acres would operate as follows with the above example occurring. The player wagers $10.00 and "hits" a jackpot of $10,000 on a gaming machine. This jackpot has exceeded the pre-established threshold or threshold amount of $1200 that requires the jackpot to be reported to the IRS. As such, the gaming machine sends a message through the MCI to the server indicating the amount of the jackpot, $10,000. In addition, if able, the identity of the player is sent with the message. If the player is identified and the player's record is complete, the process continues to the next course of action, else the jackpot is held in abeyance until the record is complete. If the player's record is complete, the network can immediately approve the jackpot and make a payment to the player. The amount of winnings paid to the player will be the amount of the jackpot less the amount to be withheld. With the above example, the winnings paid to the player would be $7500. A payment authorization message is sent back through the network to the MCI of the gaming machine where the jackpot occurred. The MCI sends a message to the gaming machine to add the appropriate number of credits to its credit meter, in this case $7500 worth of credits, and clears the gaming

machine for normal operation. As such, the player can continue the gaming session with the addition of $7500 worth of credits on the gaming machine. The amount of $7500 is over the threshold amount of $1200, and if the player has a completed player record, the player will immediately receive credits worth $7500 and as such can continue the gaming session with reduce interruption because the player will not stop game play to collect the award of credits being held in abeyance. Accordingly, the claim limitations of enabling payment to the player of his or her winnings when a jackpot over the threshold amount is won and continuing the gaming session with reduced interruption read-on Acres, and the Appellants have not persuaded us that the Examiner erred in his decision to reject claims as being anticipated by Acres.

We acknowledge the Appellants' contentions against Acres. However, these contentions focus on Acres teaching the Appellants' purpose disclosed in the specification. These contentions are not persuasive because the law of anticipation requires only that the claims "read on" something disclosed in Acres and not what is taught as the Appellants' purpose disclosed in the specification. The claim recites enabling paying out "winnings," it does not require that all winnings must be paid out to the player.

Obviousness with Bell, Acres, Bergeron, and Pease

The Appellants contend although Bell's player has access to the winnings on the IRS reporting credit meter, Bell's player does not have

access to the winnings for immediate cash out. (App. Br. 10.) However, "cashing out" is not claimed. Paying out winnings immediately after the player wins credits is claimed. The Appellants agree with the Examiner Bell's player has access to the winnings on the credit meter for placing bets. (App. Br. 10.) As such, the Bell player has been paid out his or her winnings from the game the player has previously won his or her credits thereon in order to bet with the player's winnings on the credit meter taught within Bell. The Appellants contend the claims are directed to "United States-taxable players" and IRS rules for withholding would apply. (App. Br. 10.) Bell is likewise directed to "United States-taxable players" and the IRS rules would apply, because any player playing in a gaming establishment within the borders of the United States would be a "United States-taxable player" and because the IRS rules govern the amount of withholding for winners within the borders of the United States, the IRS rules for withholding would apply. The remaining arguments by the Appellants with respect to the obviousness of claims 1, 2, and 4-10 focus on the alleged shortcomings of Acres. (App. Br. 11.) As stated above, we have reviewed Acres and find that Acres has no shortcomings with respect to reading on the claimed limitations that the Appellants contend Acres falls short. For claim 3, the Appellants contend the shortcomings of Bell are described with respect to claim 1 and Bergeron and Pease do not cure those deficiencies. (App. Br. 11.) We have reviewed Bell and find that Bell has no shortcomings with respect to reading on the claimed limitations that the Appellants contend Bell falls short. For claims, 20, 21, 26, 34, 35, and 46,

the Appellants' contentions again focus on the alleged shortcomings of Acres with the arguments set forth previously for claims 11, 24, 29, and 36. (App. Br. 11-12.) As stated above, we have reviewed Acres and find that Acres has no shortcomings with respect to reading on the claimed limitations that the Appellants contend Acres falls short. Accordingly, the Appellants have not persuaded us the Examiner has erred in his decision to reject claims 1, 2, and 4-10 as being unpatentable over Bell and Acres, claim 3 as being unpatentable over Bell, Acres, Bergeron, and Pease, and claims 20, 21, 26, 34, 45, and 46 as being unpatentable over Acres, Bergeron, and Pease.

CONCLUSIONS OF LAW

We conclude that the Appellants have not shown that the Examiner erred in rejecting claims 11-19, 22-25, 27-33, 35-44, and 47 as being anticipated by Acres. We conclude that the Appellants have not shown that the Examiner erred in rejecting claims 1, 2, and 4-10 as being obvious over Bell and Acres. We conclude that the Appellants have not shown that the Examiner erred in rejecting claim 3 as being obvious over Bell, Acres, Bergeron, and Pease. We conclude that the Appellants have not shown that the Examiner 20, 21, 26, 34, 45, and 46 as being obvious over Acres, Bergeron, and Pease.

DECISION

The decision of the Examiner to reject claims 1-47 is affirmed.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R. § 1.136(a)(1)(iv) (2007).

AFFIRMED

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